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Development Corporation of Wayne County

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I would like to take this opportunity on behalf of the Development Corporation of Wayne County (DCWC) to thank you for the opportunity to provide comment on the 2008-2009 LIHTC Qualified Allocation Plan.

As a funding resource for nonprofit - directed housing development projects in Wayne County, we are in full support of the holdback for Detroit, Highland Park and Hamtramck. The need in these communities is substantial, and we believe in appropriate proportion to the holdback.

We also applaud the recognition that the QAP provides Community Development Corporations in their work to revitalize our neighborhoods. In this difficult funding environment, it has been the practice of the DCWC to work in close collaboration with MSHDA, the City of Detroit, and Detroit LISC to leverage scarce resources in support of the CDC's developing housing to support the needs of residents of Wayne County.

We support MSHDA's decision to return to a merit based system for the allocation of tax credits, as opposed to the current lottery system. The development of a low income housing tax credit project and the preparation of a tax credit application is a monumental undertaking, requiring significant investment of human and financial resources on the part of the development team. The ultimate decision to award credits should be based wholly on the strength of the project – and not on the "luck of the draw."

We would like to express concern regarding two new elements of the QAP. We believe that the requirement of "prevailing wage" and the significant documentation requirements accompanying it will make it difficult to involve small and minority subcontractors in tax credit projects. It has been the collective experience of staff and Board that many of these small subs lack the administrative infrastructure to comply with rigorous reporting and certified payroll requirements. As a result, they opt not to complete for these projects. The "prevailing wage" rates used for wage determinations are typically based on commercial rather than residential jobs, and not reflective of residential market rates. The requirement will also add between 5% and 12% to the total project cost, without adding additional units.

Finally, we would request that you reconsider the prohibition against scattered site projects in the current draft of the QAP. The plethora of foreclosures throughout all neighborhoods provides an excellent opportunity to use tax credits to address blight, while creating mixed income communities by de-concentrating low income, homeless, and special needs populations. This option will not be possible should this prohibition remain.

Again, we thank you for the opportunity to provide input.

Eva DeWaelsche
President